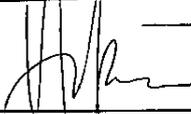


PRIME & CO.
Certified Public Accountants

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HOI PUI SHAN
COMPANY SECRETARY

THE CIVIC PARTY LIMITED

公民黨有限公司

(Company incorporated in Hong Kong with limited liability by guarantee)

2017

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017



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THE CIVIC PARTY LIMITEDREPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members have pleasure in submitting their annual report on the affairs of the Party together with the audited financial statements for the year ended 31st March, 2017.

PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Party is incorporated in Hong Kong under the Companies Ordinance with limited liability by guarantee. The registered office and principal place of operation are located at Unit 202, 2/F., Block B, Sea View Estate, 4-6 Watson Road, North Point, Hong Kong. Its principal activity is to promote a democratic political system in Hong Kong built upon universal suffrage, the rule of law, constitutionalism, civil liberties and equality of opportunities for all Hong Kong's people.

FINANCIAL STATEMENTS

The financial results of the Party for the year ended 31st March, 2017 and its state of the affairs at that date are set out in the financial statements on pages 9 to 23.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 8 to the financial statements.

DONATIONS

Donation made by the Party during the year amounts \$202,600 (2016- \$Nil).

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members during the financial year and up to the date of the report were :-

Leong Kah Kit, Alan	(resigned on 1st October, 2016 and re-appointed on 19th November, 2016)	Party Chairman since 19th November, 2016, Party Leader until 1st October, 2016
Eu Yuet Mee, Audrey		Party Chairman until 19th November, 2016, Executive Committee member (Party Development) since 19th November, 2016
Yeung Ngok Kiu, Alvin		Party Leader since 19th November, 2016, Chairman of Geographical Branches until 19th November, 2016

EXECUTIVE COMMITTEE MEMBERS (CONTINUED)

Lay Yan Piau		Vice-chairman (Internal affairs) since 19th November, 2016, Secretary General until 19th November, 2016
Chan Tanya		Vice-chairman (External affairs)
Chan Kai Yuen		Secretary General since 19th November, 2016, Non-portfolio Position until 19th November, 2016
Cheng Tat Hung		Deputy Secretary General since 19th November, 2016, Chairman of the Young Civics until 19th November, 2016
Choy Kai Sing		Treasurer
Chan Kam Bun, Gideon		Chairman of Geographical Branches
Chan Yuen Sum	(appointed on 19th November, 2016)	Chairman of Geographical Branches since 19th November, 2016
Chin Wai Kin	(appointed on 19th November, 2016)	Chairman of Geographical Branches since 19th November, 2016
Leung Siu Sun		Chairman of Geographical Branches
Wong Hok Ming		Chairman of Geographical Branches
Wong Chun Kit	(appointed on 19th November, 2016)	Chairman of the Young Civics
Tam Man Ho	(appointed on 19th November, 2016)	Executive Committee member (District Development) since 19th November, 2016
Yu Tak Po	(appointed on 19th November, 2016)	Executive Committee member (District Development) since 19th November, 2016
Kwok Wing Hang		Executive Committee member (Party Development) since 19th November, 2016, Chairman on Policy Branches until 19th November, 2016
Li Chun Hei	(appointed on 19th November, 2016)	Executive Committee member (Policy Advocacy) since 19th November, 2016
Sin Ho Fai	(appointed on 19th November, 2016)	Executive Committee member (Policy Advocacy) since 19th November, 2016

EXECUTIVE COMMITTEE MEMBERS (CONTINUED)

Tsang Kwok Fung		Executive Committee member (Policy Advocacy) since 19th November, 2016, Chairman on Policy Branches until 19th November, 2016
Chan Ching Kiu, Stephen	(resigned on 19th November, 2016)	Vice-chairman (Internal affairs) until 19th November, 2016
So Yiu Kwan, Simon	(resigned on 19th November, 2016)	Chairman of Geographical Branches until 19th November, 2016
Mak Ka Wai	(resigned on 19th November, 2016)	Chairman on Policy Branches until 19th November, 2016
Mo Man Ching, Claudia	(resigned on 8th July, 2015)	Chairman on Policy Branches until 8th July, 2015
Ki Mui Kuen, Annie	(appointed on 14th July, 2015 and resigned on 19th November, 2016)	Chairman on Policy Branches until 19th November, 2016
Kwok Ka Ki	(resigned on 19th November, 2016)	Chairman on Policy Branches until 19th November, 2016
Chan Yu Ming	(resigned on 19th November, 2016)	Non-portfolio Position until 19th November, 2016
Leung Wing Man	(resigned on 19th November, 2016)	Non-portfolio Position until 19th November, 2016

In accordance with the Article 65(a) of the Party's Articles of Association, the remaining Executive Committee members being elected shall hold office for 24 months or until the second following Annual General Meeting at which they were elected.

EXECUTIVE COMMITTEE MEMBERS' INTEREST

Details of Executive Committee members' interest in contracts of significance in relation to the Party's business are set out in note 11 to the financial statements.

Apart from the above, no other contract of significance, to which the Party was a party and in which an Executive Committee member of the Party had a material interest, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW

The Party falls within reporting exemption for the financial year. Accordingly, the Party is exempted from preparing a business review.

AUDITORS

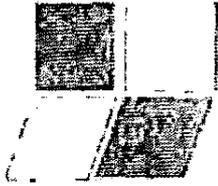
Prime & Co. retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Prime & Co. as auditors of the Party is to be proposed at the forthcoming annual general meeting.

On behalf of the Executive Committee

A handwritten signature in black ink, appearing to read 'Alan Leong', written over a horizontal line.

Leong Kah-kit Alan
Chairman

Hong Kong, 13 NOV 2017



Room 2210, 22/F., Island Place Tower, 510 King's Road, North Point, Hong Kong.

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Tel: 2838 0936 Fax: 2572 2792

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AUDITORS' REPORT TO THE MEMBERS OF
THE CIVIC PARTY LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)

OPINION

We have audited the financial statements of The Civic Party Limited ("the Party") set out on pages 9 to 23 which comprise the statement of financial position as at 31st March, 2017, the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Party as at 31st March, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Party in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S
REPORT THEREON

The Executive Committee members are responsible for the other information. The other information comprises all the information included in the "Report and Financial Statements", other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF EXECUTIVE COMMITTEE MEMBERS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Executive Committee members are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive Committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee members are responsible for assessing the Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee members either intend to liquidate the Party or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Party's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONTINUED)**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

-Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

-Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Party's internal control.

-Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee members.

-Conclude on the appropriateness of the Executive Committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Party's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Party to cease to continue as a going concern.

-Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Room 2210, 22/F., Island Place Tower, 510 King's Road, North Point, Hong Kong.

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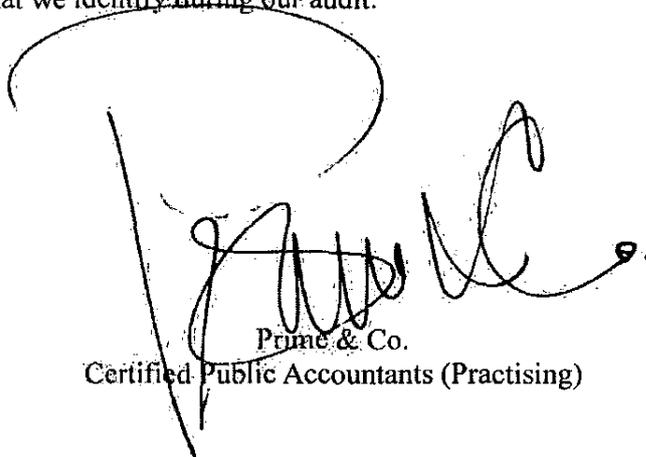
Room C, 16/F., Chinawear Centre, 414-424 Jaffe Road, Causeway Bay, Hong Kong.

Tel: 2838 0936 Fax: 2572 2792

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Prime & Co.
Certified Public Accountants (Practising)

Hong Kong, 13 NOV 2017

THE CIVIC PARTY LIMITEDSTATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2017

(Expressed in Hong Kong dollars)

	Note	2017	2016
INCOME			
Members' entrance fee and annual subscriptions		\$ 38,700	\$ 11,400
Donation income		7,044,002	8,375,070
Sundry income		60	34,818
		<u>\$ 7,082,762</u>	<u>\$ 8,421,288</u>
EXPENDITURE			
Event and campaigns expenses		(4,356,571)	(2,174,344)
Administrative and operating expenses		(5,289,302)	(5,056,645)
Depreciation		(140,122)	(137,946)
		<u>\$ (9,785,995)</u>	<u>\$ (7,368,935)</u>
(DEFICIT)/ SURPLUS BEFORE TAXATION	5	\$ (2,703,233)	\$ 1,052,353
TAXATION	7(a)	<u>-</u>	<u>-</u>
(DEFICIT)/ SURPLUS FOR THE YEAR		<u>\$ (2,703,233)</u>	<u>\$ 1,052,353</u>

The notes on pages 13 to 23 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2017

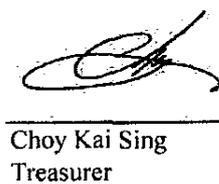
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
NON CURRENT ASSETS			
Property, plant and equipment	8	\$ 244,269	\$ 253,941
CURRENT ASSETS			
Deposits		\$ 179,100	\$ 205,100
Other receivables		19,193	361,078
Prepayments		39,367	15,572
Cash at banks and in hand		3,406,629	5,771,756
		<u>\$ 3,644,289</u>	<u>\$ 6,353,506</u>
CURRENT LIABILITY			
Accruals		\$ 39,146	\$ 45,602
Receipt in advance		-	9,200
		<u>\$ 39,146</u>	<u>\$ 54,802</u>
NET CURRENT ASSETS		<u>\$ 3,605,143</u>	<u>\$ 6,298,704</u>
NET ASSETS		<u>\$ 3,849,412</u>	<u>\$ 6,552,645</u>
Represented by:			
ACCUMULATED FUNDS		<u>\$ 3,849,412</u>	<u>\$ 6,552,645</u>

Approved by the Executive Committee on 13 NOV 2017



Leong Kah Kit, Alan
Chairman



Choy Kai Sing
Treasurer

The notes on pages 13 to 23 form part of these financial statements.

THE CIVIC PARTY LIMITEDSTATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31ST MARCH, 2017

-(Expressed in Hong Kong dollars)-

	<u>Accumulated funds</u>
Balance at 1st April, 2015	\$ 5,500,292
Surplus for the year	<u>1,052,353</u>
Balance at 31st March, 2016 and at 1st April, 2016	\$ 6,552,645
Deficit for the year	<u>(2,703,233)</u>
Balance at 31st March, 2017	<u>\$ 3,849,412</u>

THE CIVIC PARTY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2017
(Expressed in Hong Kong dollars)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/ surplus before taxation		\$ (2,703,233)	\$ 1,052,353
Adjustments for:			
Depreciation		140,122	137,946
Written off of other receivables		-	30,300
Operating (deficit)/ surplus before working capital changes		<u>\$ (2,563,111)</u>	<u>\$ 1,220,599</u>
Decrease/ (increase) in deposits and prepayments		2,205	(20,561)
Decrease/ (increase) in other receivables		341,885	(252,710)
(Decrease)/ increase in receipt in advance		(9,200)	9,200
Decrease in accruals		<u>(6,456)</u>	<u>(220,082)</u>
Net cash (outflow)/ inflow from operating activities		<u>\$ (2,234,677)</u>	<u>\$ 736,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>\$ (130,450)</u>	<u>\$ (93,801)</u>
Net cash outflow from investing activities		<u>\$ (130,450)</u>	<u>\$ (93,801)</u>
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		<u>\$ (2,365,127)</u>	<u>\$ 642,645</u>
Cash and cash equivalents at 1st April		<u>5,771,756</u>	<u>5,129,111</u>
CASH AND CASH EQUIVALENTS AT 31ST MARCH (a)		<u>\$ 3,406,629</u>	<u>\$ 5,771,756</u>

Note

(a) Analysis of the balances of cash and cash equivalents as shown in the statement of financial position:-

	<u>2017</u>	<u>2016</u>
Cash at banks	\$ 3,378,654	\$ 5,746,185
Cash in hand	<u>27,975</u>	<u>25,571</u>
	<u>\$ 3,406,629</u>	<u>\$ 5,771,756</u>

(b) The carrying amounts of cash and cash equivalents in the statement of financial position are denominated in the following currencies other than the functional currency of the entity to which they relate:-

	<u>2017</u>	<u>2016</u>
Japanese Yen	JPY 1,001	JPY 1,000
Malaysian Ringgit	MYR 1	MYR 1
Macanese Pataca	MOP 724	MOP 560
Renminbi	CNY 16,125	CNY 12,136
Singapore Dollar	SGD 14	SGD 14
South Korean Won	KRW 1,000	KRW -
Taiwan New Dollar	TWC 5	TWC -
Thai Baht	THB 20	THB 20
United States Dollar	<u>USD 321</u>	<u>USD 318</u>

THE CIVIC PARTY LIMITEDNOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Party. Of these, the following developments are relevant to the Party’s financial statements:

HKAS 1 Amendments	-Disclosure initiative
HKAS 16 and HKAS 38 Amendments	-Clarification of acceptable methods of depreciation and amortisation
HKAS 36 Amendments	-Impairment of assets
Annual Improvements 2012-2014 Cycle	-Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

Certain amendments have been published that are mandatory for the Party’s accounting periods commencing on or after 1st April, 2017. The following amendments are relevant and application to the Party; however, they have not been early adopted in these financial statements:

		Effective for the financial period commencing on or after
HKAS 7 Amendments	-Statement on cash flows	1st January, 2017
HKAS 12 Amendments	-Recognition of deferred tax assets for unrealised losses (amendments)	1st January, 2017
HKFRS 9 Amendments	-Financial instruments	1st January, 2018

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Statement of compliance (continued)

Effective for the
financial period
commencing on
or after

HKFRS 15 Amendments -Revenue from contracts with customers 1st January, 2018

HKFRS 16 Amendments -Leases 1st January, 2019

The Party will apply these amendments in the year of initial application. The Party is currently assessing the impact of the adoption of the Amendments and is not yet in a position to state whether they would have a significant impact on the Party's results of operations and financial position.

(b) Measurement basis

The measurement basis used in the preparation of financial statements is historical cost.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Capital management policy

For the purpose of the capital disclosure, the accumulated fund is regarded as capital of the Party. The Party's objective in managing capital is to safeguard its ability to continue as a going concern so that it can continue to promote a democratic political system in Hong Kong built upon universal suffrage, the rule of law, constitutionalism, civil liberties and equality of opportunities for all Hong Kong's people.

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and any impairment loss. Depreciation is calculated to write off the cost of items in property, plant and equipment over their anticipated useful lives on a straight line basis as follows: -

Leasehold improvement	20% per annum
Furniture and equipment	20% per annum

(c) Impairment of assets

An assessment is made at the end of each reporting period of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use and its net selling price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment of assets (continued)

A previously recognised impairment loss is reversed only if there had been changes in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the comprehensive income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(d) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

(e) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Party becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss.

Financial assets

The Party's financial assets are classified into loans and receivables. The Party determines the classification of its financial assets after initial recognition and, where allowed and appropriate, reconsiders their designation at each financial year end. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. At each end of the reporting period subsequent to initial recognition, loans and receivables (including other receivables, deposits and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Financial assets (continued)

(ii) Impairment of financial assets

The Party assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a party of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in statement of profit or loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in statement of profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Party's financial liabilities are generally classified into financial liabilities at amortised cost.

Financial liabilities at amortised cost including accruals are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (continued)

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred and the Party has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. If the Party retains substantially all the risk and rewards of ownership of a transferred financial asset, the Party continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Party and when the revenue can be measured reliably. Membership fee, annual subscriptions and donation income are recognised when received and receivable.

(g) Income tax

Income tax represents the sum of the tax currently payable and deferred tax.

Income tax is provided on the basis of the results for the year for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the end of reporting period are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits

(i) Employees leave entitlements

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Party expects to pay as a result of the unused entitlement that has accumulated at the date of statement of financial position.

(ii) Retirement benefit costs

The Party operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the 'MPF Scheme') under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Party in an independently administered fund. The Party's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Party's employer voluntary contributions, which are refunded to the Party when employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(i) Operating leases

Lease where substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rental expenses on such lease are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Related parties

For the purposes of these financial statements, a party is considered to be related to the Party if:-

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Party or exercise significant influence over the Party in making financial and operating policy decisions, or has joint control over the Party;
- (ii) the Party and the party are subject to common control;
- (iii) the party is an associate of the Party or a joint venture in which the Party is a venturer;
- (iv) the party is a member of key management personnel of the Party or the Party's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Party or of any entity that is a related party of the Party;
or
- (vii) the party provides key management personnel services to the Party.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. FINANCIAL RISK MANAGEMENT

(a) Credit risk

The Party's credit risk is primarily attributable to the other receivables. The exposures to these credit risks are monitored on an ongoing basis.

Substantially all the Party's cash and cash equivalents are deposited with financial institutions in Hong Kong that are high-credit quality and meet the estimated credit rating or other criteria.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment loss.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The Party's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The remaining contractual maturities at the end of the reporting period of the Party's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Party can be required to pay is \$39,146 and payable within one year or on demand.

(c) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31st March, 2017 and 2016.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the end of the reporting period which will cause an adjustment to carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by the Executive Committee members.

5. (DEFICIT)/ SURPLUS BEFORE TAXATION

(Deficit)/ surplus before taxation is arrived at after charging the following items:-

	<u>2017</u>	<u>2016</u>
Auditors' remuneration	\$ 19,500	\$ 18,000
Bad debt	-	5,000
Consultancy fee	200,880	213,420
Depreciation	140,122	137,946
Donations	202,600	-
Grant	-	73,400
Event and campaigns	4,327,161	2,100,944
Printing and stationery	192,058	266,391
Operating lease on hire of premise	711,602	792,171
Retirement benefits contributions for defined contribution plans	141,882	143,971
Staff cost (excluding Executive Committee members' remuneration in note 6)	3,411,486	3,169,123
Written back of other receivables	-	30,300

6. EXECUTIVE COMMITTEE MEMBERS' REMUNERATION

Executive Committee members' remuneration disclosed pursuant to section 383 of the Hong Kong Companies Ordinance is as follows:-

	<u>2017</u>	<u>2016</u>
Fees	\$ Nil	\$ Nil
Other emoluments	Nil	Nil
Retirement benefits contributions	<u>Nil</u>	<u>Nil</u>

7. TAXATION

(a) No provision has been made for Hong Kong profits tax as the Party did not earn income subject to the Hong Kong profits tax.

(b) The reconciliation between the taxation and the (deficit)/ surplus per statement of profit or loss and other comprehensive income is as follows:-

	<u>2017</u>	<u>2016</u>
(Deficit)/ surplus for the year	\$ (2,703,233)	\$ 1,052,353
Tax at Hong Kong Profits Tax rate of 16.5% (2016-16.5%)	\$ -	\$ 173,638
Tax effect of non-taxable revenue	<u>-</u>	<u>(173,638)</u>
Taxation for the year	<u>\$ -</u>	<u>\$ -</u>

(c) Deferred tax has not been provided for as there are no deferred tax assets or liabilities.

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvement</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost:-			
At 1st April, 2015	\$ 727,279	\$ 1,437,232	\$ 2,164,511
Additions	-	93,801	93,801
At 31st March, 2016 and at 1st April, 2016	\$ 727,279	\$ 1,531,033	\$ 2,258,312
Additions	-	130,450	130,450
Disposals	-	(11,131)	(11,131)
At 31st March, 2017	\$ 727,279	\$ 1,650,352	\$ 2,377,631
Accumulated depreciation:-			
At 1st April, 2015	\$ 711,965	\$ 1,154,460	\$ 1,866,425
Charge for the year	7,358	130,588	137,946
At 31st March, 2016 and at 1st April, 2016	\$ 719,323	\$ 1,285,048	\$ 2,004,371
Charge for the year	6,258	133,864	140,122
Written back of disposal	-	(11,131)	(11,131)
At 31st March, 2017	\$ 725,581	\$ 1,407,781	\$ 2,133,362
Net book value:-			
At 31st March, 2017	\$ 1,698	\$ 242,571	\$ 244,269
At 31st March, 2016	\$ 7,956	\$ 245,985	\$ 253,941

9. CAPITAL MANAGEMENT

The Party has no share capital and its capital comprises only the funds stated in the statement of financial position. The Party manages capital by regularly monitoring its current and expected liquidity requirements.

The funds of the Party are not distributable to its members and are applied solely towards the promotion of objects set out in its Articles of Association.

10. OPERATING LEASE COMMITMENTS

At 31st March, 2017, the total future minimum lease payments under non-cancellable operating leases for premises are as follows:-

	<u>2017</u>	<u>2016</u>
Within 1 year	\$ 296,000	\$ 634,290
After 1 year but within 5 years	<u>91,000</u>	<u>172,465</u>
	<u>\$ 387,000</u>	<u>\$ 806,755</u>

11. RELATED PARTY TRANSACTIONS

The Party had the following significant transactions with the related party for the year ended 31st March, 2017:-

<u>Name of related parties</u>	<u>Nature of transaction</u>	<u>2017</u>	<u>2016</u>
Public Affairs Centre Limited (under directorship of Eu Yuet Mee, Audrey)	HQ office rental	<u>\$ 480,000</u>	<u>\$ 480,000</u>

At 31st March, 2017, there is no outstanding balance due to Public Affairs Centre Limited.

THE CIVIC PARTY LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST MARCH, 2017

(Expressed in Hong Kong dollars)

	<u>2017</u>	<u>2016</u>
INCOME		
Members' entrance fee and annual subscriptions	\$ 38,700	\$ 11,400
Donation income	7,044,002	8,375,070
Sundry income	60	34,818
	<u>\$ 7,082,762</u>	<u>\$ 8,421,288</u>
LESS: EVENT AND CAMPAIGNS EXPENSES		
Advertisement	\$ 29,410	\$ -
Event and campaigns	4,327,161	2,100,944
Grant	-	73,400
	<u>\$ 4,356,571</u>	<u>\$ 2,174,344</u>
LESS: ADMINISTRATIVE AND OPERATING EXPENSES		
Auditors' remuneration	\$ 19,500	\$ 18,000
Bad debt	-	5,000
Bank charges	2,841	2,350
Building management fee	52,472	58,875
Business registration fee	823	2,250
Cleaning	52,628	51,948
Consultancy fee	200,880	213,420
Donations	202,600	-
Insurance	40,916	45,388
Licence and registration fee	2,999	105
MPF contribution	141,882	143,971
Office supplies	9,048	10,609
Postage	6,547	3,541
Printing and stationery	192,058	266,391
Rent	711,602	792,171
Repair and maintenance	26,583	24,893
Salary and bonus	3,411,486	3,169,123
Sundries	10	8,070
Telephone and internet	128,214	115,654
Transportation	13,344	13,433
Travelling	3,596	6,131
Utilities	69,273	75,022
Written off of other receivables	-	30,300
	<u>\$ 5,289,302</u>	<u>\$ 5,056,645</u>
LESS: DEPRECIATION		
Depreciation	<u>\$ 140,122</u>	<u>\$ 137,946</u>
(DEFICIT)/ SURPLUS FOR THE YEAR	<u>\$ (2,703,233)</u>	<u>\$ 1,052,353</u>